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UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

IN RE: NATIONAL)
PRESCRIPTION) MDL No. 2804
OPIATE LITIGATION)

) Case No.
) 1:17-MD-2804
)
THIS DOCUMENT RELATES) Hon. Dan A.
TO ALL CASES) Polster

TUESDAY, OCTOBER 16, 2018

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Videotaped deposition of Eric
Stahmann, held at the offices of BARTLIT BECK
HERMAN PALENDAR & SCOTT LLP, 54 West
Hubbard, Suite 300, Chicago, Illinois,
commencing at 9:05 a.m., on the above date,
before Carrie A. Campbell, Registered
Diplomate Reporter, Certified Realtime
Reporter, Illinois, California & Texas
Certified Shorthand Reporter, Missouri &
Kansas Certified Court Reporter.

- - -

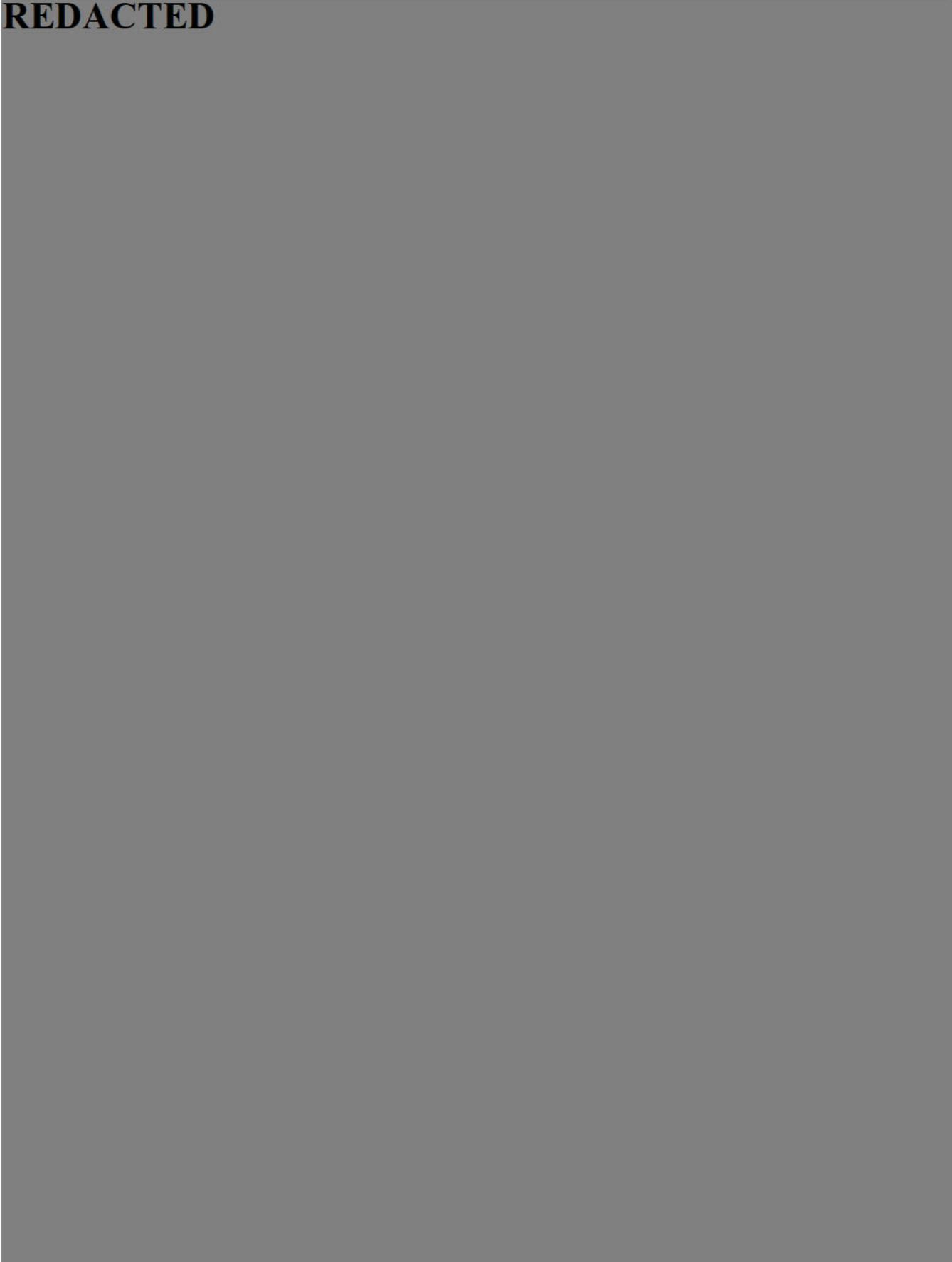
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3 (Pages 6 to 9)

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4 (Pages 10 to 13)

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5 (Pages 14 to 17)

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1 A. There were probably others, but
2 I can't recall offhand.

3 Q. Any types of reports
4 identifying suspicious orders or orders of
5 any size or frequency that were red flagged?

6 A. There were reports that were
7 run for suspicious orders and orders of
8 interest.

9 Q. And when you say "That were
10 run," were they not automated?

11 A. They were automated.

12 Q. And explain to me what data was
13 pulled in those reports identifying red flags
14 or suspicious orders.

15 MR. STOFFELMAYR: Objection to
16 the form. Foundation.

17 THE WITNESS: So I never
18 actually pulled -- I never actually
19 provided -- put the data inside the
20 reports. They were automated, so the
21 orders that were in these reports were
22 only orders of interest based off of
23 what the DEA's general description of
24 a suspicious order was.

25

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1 QUESTIONS BY MR. MOUGEY:

2 Q. Explain to me what your
3 understanding of what the DEA's description
4 of an order of interest was.

5 MR. STOFFELMAYR: Objection to
6 the form. Foundation.

7 THE WITNESS: I only know what
8 the -- my understanding of -- my
9 interpretation of it, and my
10 interpretation may not be what legal's
11 representation or interpretation is.

12 QUESTIONS BY MR. MOUGEY:

13 Q. Sure. And that's what I
14 understand.

15 I'm asking you today in your
16 role as a senior analyst at Walgreens, do you
17 have an understanding of what the DEA's
18 definition of an order of interest was?

19 MR. STOFFELMAYR: Same
20 objection.

21 THE WITNESS: My role today, I
22 do.

23 Back then, I did not.

24 QUESTIONS BY MR. MOUGEY:

25 Q. What is your understanding

6 (Pages 18 to 21)

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<p style="text-align: right;">Page 22</p> <p>1 today of the DEA's definition of an order of 2 interest?</p> <p>3 A. From my understanding, it's any 4 order of an unusual size, frequency or 5 deviates from normal movement.</p> <p>6 Q. And when between 2006 when you 7 began at Walgreens until today did you 8 develop an understanding of what the DEA's 9 definition of order of interest was?</p> <p>10 A. When I took my role as a 11 manager for pharmaceutical integrity.</p> <p>12 Q. If you'd, please, sir, turn to 13 page 2 of 3 of your CV.</p> <p>14 Under the section Walgreens, 15 six years, nine months, project manager, 16 pharmacy loss prevention --</p> <p>17 MR. MOUGEY: Corey, could you 18 pull this up, please?</p> <p>19 QUESTIONS BY MR. MOUGEY:</p> <p>20 Q. And you held that role 21 approximately six years and nine months, 22 correct, sir?</p> <p>23 A. Correct.</p> <p>24 Q. And the title on your CV, 25 project manager, pharmacy loss prevention,</p>	<p style="text-align: right;">Page 24</p> <p>1 Q. Project manager at pharmacy 2 at -- pharmacy loss prevention from June 3 of 2012 to February of '13, correct?</p> <p>4 A. That's about right.</p> <p>5 Q. And you had been at Walgreens 6 at the end of that tenure as project manager 7 six years and nine months, correct?</p> <p>8 A. Correct.</p> <p>9 Q. And let's walk through some of 10 the bullets under your role as project 11 manager.</p> <p>12 Very first bullet, "Compile and 13 interpret data for internal pharmacy theft 14 cases and for statistical purposes to monitor 15 diversion," correct, sir?</p> <p>16 A. That's correct.</p> <p>17 Q. Would you please explain what 18 your understanding of what diversion is in 19 the pharmacy context?</p> <p>20 A. Diversion can be a multiple of 21 things. So basically any loss out of the 22 pharmacy, so whether it's customer diversion, 23 employee diversion; it can mean a lot of 24 different things.</p> <p>25 Q. How about diversion in the</p>
<p style="text-align: right;">Page 23</p> <p>1 correct?</p> <p>2 A. Yes.</p> <p>3 Q. Beginning in June of 2012 to 4 February of 2013, correct?</p> <p>5 A. I don't remember exactly, but 6 that sounds correct.</p> <p>7 Q. All right. Let's walk through 8 some of these bullets. The first 9 bullet that --</p> <p>10 MR. STOFFELMAYR: I'm sorry, 11 did you say he was a project manager 12 for six years? Because that's --</p> <p>13 THE WITNESS: Yeah, I was not a 14 project manager for six years. I was 15 with Walgreens for six years at that 16 time.</p> <p>17 MR. STOFFELMAYR: You see what 18 I mean? He was a project manager for 19 however many months, but that up there 20 is the whole time he was at Walgreens.</p> <p>21 MR. MOUGEY: Sure, I appreciate 22 that.</p> <p>23 MR. STOFFELMAYR: You see what 24 I mean?</p> <p>25 QUESTIONS BY MR. MOUGEY:</p>	<p style="text-align: right;">Page 25</p> <p>1 supply chain that opiates or pills are used 2 for illegal purposes at the practitioner 3 level?</p> <p>4 A. I don't know how we would be 5 able to capture diversion from that 6 standpoint.</p> <p>7 Q. Walk me through what -- 8 statistical purposes to monitor diversion, 9 explain to me what you mean by that mean.</p> <p>10 A. So statistical purposes, so 11 to -- the reports we ran -- or I ran provided 12 data outside of what those automated 13 exception reports were.</p> <p>14 So to monitor diversion, if 15 there were continuous negative adjustments 16 happening at a pharmacy, it would help to 17 determine whether or not there's -- something 18 internally is happening, either procedurally 19 where stores aren't posting orders correctly 20 or just something incorrectly happening at 21 the store level that could cause these 22 negative adjustments.</p> <p>23 Part of my job was to help 24 those field leaders determine whether or not 25 there's actual loss happening or diversion</p>

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<p style="text-align: center;">Page 26</p> <p>1 happening at the pharmacy or if there's 2 something operationally that's happening at 3 the pharmacy that needs to be corrected. 4 Q. So definition of diversion as a 5 project manager at Walgreens was -- continue 6 to be the employee pilfering and manual 7 adjustments, et cetera, at the pharmacy 8 level, correct, sir? 9 A. Correct. 10 MR. STOFFELMAYR: Objection to 11 the form. Give me a second. 12 QUESTIONS BY MR. MOUGEY: 13 Q. Go to the fourth bullet, 14 "Intimate work with statistical software and 15 databases, including, but not limited to, 16 Access, Excel, Oracle, WebSQL, IC Plus, SIMS, 17 EDW, Mobius and Business Objects." 18 Do you see that, sir? 19 A. I do. 20 Q. And explain to me what Mobius 21 is. 22 A. My understanding, it is an 23 application that houses reports. 24 Q. And what kind of reports? 25 A. The reports that were in there</p>	<p style="text-align: center;">Page 28</p> <p>1 while at Walgreens? 2 A. Not to diversion, no. 3 Q. Any reports pulled out of 4 Mobius while you were at Walgreens in the 5 context of orders of interest or suspicious 6 reports? 7 A. Yes. 8 Q. All right. Now, when I just 9 asked you the question of whether or not you 10 had pulled any reports out of Mobius while at 11 Walgreens regarding diversion, you answered 12 no. And I asked in the context of interest 13 of orders or suspicious reports, you answered 14 yes. 15 Tell me what the difference is 16 in your mind. 17 A. Orders of interest or 18 suspicious orders don't necessarily mean 19 diversion or theft. 20 Q. They are potential -- the 21 reports are a means or mechanism to identify 22 red flags or potential areas of interest, 23 correct, sir? 24 A. Which reports? 25 Q. Any reports.</p>
<p style="text-align: center;">Page 27</p> <p>1 were from human resources, basically any 2 report that was in there - human resources, 3 employee relations, employee background 4 information. They had a whole bunch of 5 different reports in there. 6 Q. Did you say Mobius in the 7 context of diversion? 8 A. I did not. 9 Q. Did you store reports in Mobius 10 in the context of diversion? 11 A. I did not. 12 Q. Did anyone at Walmart {sic} 13 that you're aware of store reports regarding 14 diversion on Mobius? 15 MR. STOFFELMAYR: I think you 16 mean Walgreens. 17 MR. MOUGEY: Did I say Walmart? 18 Yeah. 19 QUESTIONS BY MR. MOUGEY: 20 Q. Did you -- were you aware of 21 any reports being stored in Mobius regarding 22 diversion? 23 A. I am not aware. 24 Q. So you never pulled any reports 25 out of Mobius having to do with diversion</p>	<p style="text-align: center;">Page 29</p> <p>1 MR. STOFFELMAYR: Objection to 2 the form. 3 Go ahead. 4 THE WITNESS: The report -- the 5 reports in Mobius that I pulled were 6 only for orders of interest or 7 suspicious orders. 8 QUESTIONS BY MR. MOUGEY: 9 Q. And did you not use those 10 reports out of Mobius to identify potential 11 areas of diversion? 12 A. I did not. 13 Q. What specific reports did you 14 pull out of Mobius at Walgreens? 15 A. The only report that I pulled 16 were the orders of interest and suspicious 17 orders report. 18 Q. All right. And what is 19 captured in those reports? 20 A. Orders that -- based off of 21 those generic DEA identification of what a 22 suspicious order is, orders that were orders 23 of interest based off of those generic 24 descriptions for the DEA suspicious orders. 25 Q. You understand in databases</p>

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<p style="text-align: right;">Page 30</p> <p>1 that there's fields with specific information 2 in them, correct? 3 A. I do. 4 Q. And in your intimate work with 5 statistical software and databases, you 6 understand that those fields can be -- 7 specific fields can be pulled and reports run 8 to turn data into information, correct, sir? 9 MR. STOFFELMAYR: Objection to 10 the form. 11 THE WITNESS: Can you rephrase 12 that for me, please? 13 QUESTIONS BY MR. MOUGEY: 14 Q. There's a ton of transactional 15 data at Walgreens on a day-to-day basis 16 regarding opiates, correct, sir? 17 A. There is. 18 Q. There's a significant amount of 19 data at Walgreens with pharmaceutical 20 transactions in general, correct, sir? 21 A. Correct. 22 Q. And the reports were used to 23 pull specific fields to assist Walgreens to 24 identify areas of potential diversion, 25 correct, sir?</p>	<p style="text-align: right;">Page 32</p> <p>1 the form. 2 THE WITNESS: I don't remember 3 exactly what our -- what was in those 4 reports. 5 QUESTIONS BY MR. MOUGEY: 6 Q. Do you remember generally what 7 was in those reports? 8 A. Generally, yes. 9 Q. What generally was in those 10 reports? 11 A. Orders of interest and 12 potential suspicious orders. 13 Q. Define for me what an order of 14 interest was or a potential suspicious order. 15 MR. STOFFELMAYR: Objection to 16 the form. Foundation. 17 THE WITNESS: So I don't -- my 18 definition of an order of interest is 19 an order that could potentially be -- 20 based off those -- DEA definition of 21 what's a suspicious order, an order of 22 interest could lead to an order of 23 interest based off of our -- or a 24 suspicious order based off of the DEA 25 definition.</p>
<p style="text-align: right;">Page 31</p> <p>1 A. Correct. 2 Q. And you understand that those 3 reports pulled specific fields of data to 4 assist Walgreens in its job to identify 5 suspicious orders, correct, sir? 6 A. Correct. 7 Q. And, sir, would you please 8 explain to me what fields, what information 9 was pulled to populate a report to assist 10 Walgreens with identifying suspicious orders? 11 MR. STOFFELMAYR: Objection to 12 the form. Foundation. 13 THE WITNESS: So I do not know 14 what was actually populated in those 15 Mobius reports. I just pulled them, 16 burned them on a CD and sent them off 17 to the individual DEA local offices 18 and to our distribution centers. 19 QUESTIONS BY MR. MOUGEY: 20 Q. So you performed no analysis on 21 any of those reports? 22 A. That is correct. 23 Q. You have no earthly idea what 24 was in the reports? 25 MR. STOFFELMAYR: Objection to</p>	<p style="text-align: right;">Page 33</p> <p>1 QUESTIONS BY MR. MOUGEY: 2 Q. How frequently were you pulling 3 those reports off of Mobius and forwarding 4 them to the DEA? 5 A. On a monthly basis. 6 Q. Were you aware if anyone at 7 Walgreens was reviewing those reports that 8 were sent to the DEA? 9 A. I don't know if anybody from 10 Walgreens were reviewing those reports. 11 Q. Did anybody come back to you 12 and ask you for additional information on any 13 of those reports from Walgreens? 14 A. Personally, no. 15 Q. Did anybody send you an e-mail 16 or ask for any additional information on any 17 of those reports from Walgreens? 18 A. No. 19 Q. Okay. Let's continue down to 20 the paragraph that begins with, "Facilitate 21 activities." 22 Do you see where I am? 23 A. Yes. 24 Q. "Facilitate activities and 25 projects for HCLP team leads and analysts,</p>

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<p style="text-align: right;">Page 34</p> <p>1 proactively support loss prevention manager 2 investigations across the country with data 3 requests."</p> <p>4 Let's stop right there. Okay?</p> <p>5 So part of your role as project 6 manager at Walgreens was to pull data 7 requests for project managers across the 8 country, correct?</p> <p>9 A. Correct.</p> <p>10 Q. Your role was not limited to 11 any geographical space or region as a project 12 manager, correct?</p> <p>13 A. At that time, no.</p> <p>14 Q. And you continue on in that 15 sentence, it says, "In content expert advice 16 as it pertains to compliance, fraud, waste 17 and abuse with the Walgreens family of 18 companies."</p> <p>19 Sir, what expert advice were 20 you providing to Walgreens as it pertains to 21 compliance, fraud, waste and abuse with the 22 Walgreens family of companies?</p> <p>23 A. The advice I was providing were 24 for the field leadership. If they were 25 investigating suspected losses at their</p>	<p style="text-align: right;">Page 36</p> <p>1 was your area of responsibility? 2 A. I did not, no.</p> <p>3 Q. Was there anyone else that you 4 were aware of that was also sending the 5 reports for suspicious orders or orders of 6 interest to the DEA?</p> <p>7 A. Yes.</p> <p>8 Q. And who else was that?</p> <p>9 A. At the time it was my 10 manager/supervisor, Marcie Ranick.</p> <p>11 Q. And how did you -- is it 12 Ranick?</p> <p>13 A. Ranick.</p> <p>14 Q. How did you and Ms. Ranick 15 divide responsibilities over who sent the 16 orders of interest or suspicious orders to 17 the DEA?</p> <p>18 A. She did it for a period of time 19 before I was in loss prevention, asset 20 protection, and then towards the end of my 21 career, she kind of delegated that role or 22 that responsibility to me.</p> <p>23 Q. All right. The next bullet on 24 your CV, "Serve as the subject matter expert 25 on all systems, applications and initiatives</p>
<p style="text-align: right;">Page 35</p> <p>1 pharmacy, I was able to provide my expertise 2 as a pharmacy tech to explain the workflow of 3 how a prescription is entered, filled and 4 what that looks like in keystrokes.</p> <p>5 So if there's anything that 6 diverts from those average keystrokes, I can 7 identify those and bring those to the 8 attention of the local field leadership, who 9 would then perform their either interview or 10 investigation to a specific employee.</p> <p>11 Q. Okay. Let me go back to the 12 suspicious order reports or the order of 13 interest reports that you were forwarding to 14 the DEA.</p> <p>15 What -- what years did you -- 16 did you pull those reports?</p> <p>17 A. I can't recall exactly when.</p> <p>18 Q. Just generally, what years did 19 you pull those reports?</p> <p>20 A. It was when I was working in -- 21 towards the later end of my career in loss 22 prevention. So probably 2011, 2012.</p> <p>23 Q. Have you had an opportunity to 24 review what period of time Walgreens sent 25 those reports to the DEA outside of when that</p>	<p style="text-align: right;">Page 37</p> <p>1 related to the inventory movement and 2 associated functions that can cause and/or 3 monitor pharmacy health/" -- I'm sorry, 4 "pharmacy/health care shrink. Examples would 5 include, but are not limited to, point of 6 sale systems, inventory management, cash 7 management, prescription monitoring and 8 processing, internal theft, DEA requirements, 9 corporate programs, regulatory issues and 10 operation policies," correct, sir?</p> <p>11 A. That's what it states here, 12 yes.</p> <p>13 Q. And for the second time on the 14 second page of your CV, you have used the 15 word "expert" to describe your areas of 16 responsibility, correct, sir?</p> <p>17 A. For those applications, yes.</p> <p>18 Q. And one of those applications 19 included the DEA requirements, correct, sir?</p> <p>20 A. That is correct.</p> <p>21 Q. And, sir, what was your 22 understanding of what the DEA requirements 23 were during your tenure at Walgreens in 24 relation to the prescription of opiate, 25 Schedule II or Schedule III?</p>

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<p style="text-align: right;">Page 38</p> <p>1 MR. STOFFELMAYR: Objection to 2 the form.</p> <p>3 THE WITNESS: I can't recall 4 specifically what those requirements 5 were at that particular time.</p> <p>6 QUESTIONS BY MR. MOUGEY:</p> <p>7 Q. I'm assuming that while you 8 were at Walgreens, you received significant 9 training regarding your areas of 10 responsibility, but more specifically the DEA 11 requirements regarding Schedule II and 12 Schedule III narcotics?</p> <p>13 A. I was not.</p> <p>14 Q. You were not trained on what 15 the DEA requirements were on Schedule II and 16 Schedule III requirements?</p> <p>17 A. I was not.</p> <p>18 Q. And what study or academic 19 background do you have that you would 20 indicate that you had subject matter 21 expertise on DEA requirements?</p> <p>22 A. I have not had any education or 23 background regarding those.</p> <p>24 Q. The last bullet point on this 25 page, "Serves as a subject matter expert on</p>	<p style="text-align: right;">Page 40</p> <p>1 monitoring and processing?</p> <p>2 A. Yes, in my role that pertains 3 to loss prevention and asset protection.</p> <p>4 Q. And in your role as loss 5 prevention and asset protection, you had 6 day-to-day responsibilities regarding 7 Schedule II and Schedule III opiates, 8 correct, sir?</p> <p>9 A. Those were part of my daily 10 responsibilities, yes.</p> <p>11 Q. If you turn to the first page 12 of your CV. Beginning in February of 2013, 13 you were promoted to manager of 14 pharmaceutical integrity, correct, sir?</p> <p>15 A. That is correct.</p> <p>16 Q. Do you have an understanding of 17 why or when the pharmaceutical integrity 18 group at Walgreens was created?</p> <p>19 A. I do.</p> <p>20 Q. And why is that?</p> <p>21 A. It was part of the settlement 22 agreement with the DEA on the memorandum of 23 agreement.</p> <p>24 Q. And when were you informed that 25 the pharmaceutical integrity group was being</p>
<p style="text-align: right;">Page 39</p> <p>1 all systems."</p> <p>2 Sitting here today, is that an 3 accurate and truthful statement regarding 4 your areas of expertise at Walgreens?</p> <p>5 A. In my role, yes, at the time.</p> <p>6 Q. In your role as understanding 7 and having an expertise as far as the DEA 8 requirements, is that a truthful statement, 9 sir?</p> <p>10 A. It is a truthful statement for 11 my role in loss prevention, asset protection.</p> <p>12 Q. And is it a truthful statement, 13 sir, that you have subject matter expertise 14 on regulatory issues and operation policies?</p> <p>15 A. As my role in asset protection, 16 loss prevention, yes.</p> <p>17 Q. Is it also a truthful or 18 accurate statement, sir, that you have 19 subject matter expertise on Walgreens's 20 corporate programs?</p> <p>21 A. Those pertain to my role in 22 loss prevention, asset protection, yes.</p> <p>23 Q. And, sir, is it also a truthful 24 or accurate statement that you have subject 25 matter expertise regarding prescription</p>	<p style="text-align: right;">Page 41</p> <p>1 created as a result of the MOA, memorandum of 2 agreement?</p> <p>3 A. When was I informed?</p> <p>4 Q. Yes, sir.</p> <p>5 A. I was informed when I joined 6 the team.</p> <p>7 Q. All right. So let's walk 8 through your areas of responsibility as 9 manager of the pharmaceutical integrity -- is 10 it a department? Group? What would you 11 refer to it as?</p> <p>12 A. Department.</p> <p>13 Q. So your first bullet, 14 "Responsible for managing, creating and 15 managing controlled substance dispensing, 16 monitoring and reporting programs," correct, 17 sir?</p> <p>18 A. That is correct.</p> <p>19 Q. Would you please explain what 20 you mean by the first bullet?</p> <p>21 A. So our team manages the 22 monitoring of controlled substances that are 23 going into the pharmacies and out of the 24 pharmacies. So we have an application called 25 a CSO KPI that handles that for our team. It</p>

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1 automatically populates an application with
2 what the store receives and what they
3 dispense.

4 Q. Was that system in place prior
5 to the creation of the pharmaceutical
6 integrity department?

7 A. I do not believe it was.

8 Q. The second bullet, "Develops,
9 recommends and implements programs,
10 procedures and techniques which will identify
11 and minimize loss of company assets and
12 ensure the safety, compliance and security of
13 the ordering and dispensing of controlled
14 substances," correct, sir?

15 Did I read that right?

16 A. That's correct.

17 Q. Would you please explain what
18 you mean by the second bullet?

19 A. Our team was instrumental in
20 developing our policies and procedures
21 revolving around good faith dispensing and
22 target drug, good faith dispensing policies.

23 Q. Were the good faith dispensing
24 policies in place prior to the implementation
25 of the pharmaceutical integrity department?

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1 A. It was not. Well, those
2 specific policies and procedures were not in
3 place, but we did have policies regarding
4 good faith dispensing.

5 Q. Would you agree with me, sir,
6 that the policies in place at the
7 implementation of the pharmacy --
8 pharmaceutical integrity department were
9 significantly more robust prior to -- I'm
10 sorry, after the MOA with the DEA?

11 A. They were more robust.

12 Q. Sir, the third bullet,
13 "Responsible for investigating/reporting
14 potential violations of law, regulations or
15 company policy applicable to controlled
16 substances to the appropriate business
17 centers, units and director of pharmaceutical
18 integrity," correct, sir?

19 MR. STOFFELMAYR: Sorry, where
20 are you? The third bullet?

21 MR. MOUGEY: The -- yes.

22 MR. STOFFELMAYR: I'm sorry,
23 okay.

24 QUESTIONS BY MR. MOUGEY:

25 Q. Third bullet, did I read that

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1 padlocked by the DEA at this point in time?

2 A. I was not.

3 Q. Were you aware that the DEA had
4 locked the building based on its conclusions
5 that Walgreens continually violated its
6 obligations under the CSA?

7 MR. STOFFELMAYR: Objection to
8 the form.

9 Go ahead.

10 THE WITNESS: Sorry. I was not
11 aware until after I was part of
12 pharmaceutical integrity team.

13 QUESTIONS BY MR. MOUGEY:

14 Q. When you say you were not
15 aware, you were not aware that the DEA locked
16 the distribution center in Jupiter, Florida,
17 so Walgreens could not enter?

18 MR. STOFFELMAYR: Objection to
19 the form.

20 THE WITNESS: That's correct.
21 I was not aware until after I joined
22 the pharmaceutical integrity team.

23 QUESTIONS BY MR. MOUGEY:

24 Q. And after you joined the
25 pharmaceutical integrity treatment discussed

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<p style="text-align: center;">Page 198</p> <p>1 in this memorandum of agreement as part of 2 this substantial fine, what were you told by 3 Walgreens about the Jupiter center being 4 locked by the DEA?</p> <p>5 MR. STOFFELMAYR: Mr. Stahmann, 6 the question is fine. I just want to 7 caution you, and I don't know if this 8 is the case, but if any of what you 9 were told you were told by lawyers for 10 the company or people passing on 11 information from lawyers to the 12 company, don't go into that. We can 13 sort that out.</p> <p>14 Go ahead and answer the 15 question with that caveat.</p> <p>16 THE WITNESS: So I was told by 17 my supervisor why the DEA came and 18 closed down the Jupiter Distribution 19 Center.</p> <p>20 QUESTIONS BY MR. MOUGEY:</p> <p>21 Q. And what was that explanation?</p> <p>22 A. That they had some concerns 23 about our distribution or dispensing of 24 controlled substances.</p> <p>25 Q. And were you told that it was</p>	<p style="text-align: center;">Page 200</p> <p>1 Registration."</p> <p>2 A. I see it.</p> <p>3 Q. It's titled "Order to Show 4 Cause and Immediate Suspension of 5 Registration."</p> <p>6 Do you see that?</p> <p>7 A. I do.</p> <p>8 Q. And under Notice, "It's hereby 9 given to inform Walgreen Corporation of the 10 immediate suspensions of Drug Enforcement 11 Administration certificate of registration," 12 provides a number, "pursuant to US Code, 13 because such registration constitutes an 14 imminent danger to the public health and 15 safety."</p> <p>16 Do you see that, sir?</p> <p>17 A. I do.</p> <p>18 Q. Were you aware that the DEA had 19 concluded that the Jupiter Distribution 20 Center constituted an imminent danger to 21 public health and safety?</p> <p>22 A. At some point in my time with 23 pharmaceutical integrity, yes, I was made 24 aware.</p> <p>25 Q. And you understand that as part</p>
<p style="text-align: center;">Page 199</p> <p>1 closed down, or were you told that it was put 2 under lock and key by the DEA excluding 3 Walgreens from their own distribution center?</p> <p>4 A. I don't recall the exact words 5 that were used.</p> <p>6 Q. Any description, closed down 7 versus that it was locked up by the DEA. Was 8 anybody -- did anybody explain that to you 9 from Walgreens?</p> <p>10 MR. STOFFELMAYR: Objection to 11 the form.</p> <p>12 THE WITNESS: Again, yeah. No, 13 I don't remember the specific words 14 that were used.</p> <p>15 QUESTIONS BY MR. MOUGEY:</p> <p>16 Q. And I'm not asking you if you 17 remember the specific words.</p> <p>18 Did anybody from Walgreens tell 19 you that the Jupiter Distribution Center had 20 been locked up by the DEA?</p> <p>21 A. Not in so many words, but, yes.</p> <p>22 Q. Sir, please turn to page 23, if 23 you aren't there already.</p> <p>24 It's titled "Order to Show 25 Cause and Immediate Suspension of</p>	<p style="text-align: center;">Page 201</p> <p>1 of this order to show cause and immediate 2 suspension, that the DEA was suspending the 3 Jupiter Distribution Center's license to 4 distribute controlled substances, correct?</p> <p>5 A. Yes, I was made aware.</p> <p>6 Q. And under paragraph 1, DEA 7 explains that "Walgreens operates more than 8 7,800 Walgreens retail pharmacies in the 9 United States," correct, sir?</p> <p>10 A. I don't recall how many at the 11 time. I know we're -- that that number has 12 changed.</p> <p>13 Q. Do you understand -- well, 14 let's put it this way. There's several 15 thousand Walgreens across the country, 16 correct, sir?</p> <p>17 A. That is correct.</p> <p>18 Q. Do you understand what the word 19 "systemic" means?</p> <p>20 A. I do.</p> <p>21 Q. What does the word "systemic" 22 mean?</p> <p>23 A. Pertaining to a system.</p> <p>24 Q. Meaning that the entire system 25 has problems; it's a systemic problem,</p>

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<p style="text-align: right;">Page 202</p> <p>1 correct, sir?</p> <p>2 MR. STOFFELMAYR: Objection to</p> <p>3 the form.</p> <p>4 THE WITNESS: According to the</p> <p>5 definition of systemic, I don't know</p> <p>6 if that is what is mentioned here or</p> <p>7 the context -- the context of what is</p> <p>8 mentioned here.</p> <p>9 QUESTIONS BY MR. MOUGEY:</p> <p>10 Q. Did anyone at Walgreens as part</p> <p>11 of the pharmaceutical integrity department</p> <p>12 advise you that there were systemic problems</p> <p>13 according to the DEA and with Walgreens'</p> <p>14 system?</p> <p>15 A. No.</p> <p>16 Q. At any point in time ever in</p> <p>17 pharmaceutical -- your experience in</p> <p>18 pharmaceutical integrity department, did</p> <p>19 anyone advise you the DEA believed there were</p> <p>20 systemic problems with Walgreens' performance</p> <p>21 and obligations under the CSA?</p> <p>22 A. No.</p> <p>23 Q. Sir, if you turn to page 11.</p> <p>24 MR. MOUGEY: I'm sorry. I said</p> <p>25 11, I meant 33. I apologize, page 33.</p>	<p style="text-align: right;">Page 204</p> <p>1 QUESTIONS BY MR. MOUGEY:</p> <p>2 Q. As part of your job description</p> <p>3 where you are designing and implementing new</p> <p>4 policies and procedures to avoid diversion,</p> <p>5 don't you think it would have been important</p> <p>6 for you to understand the belief --</p> <p>7 understand that DEA believed there were</p> <p>8 systemic shortcomings with Walgreens' system?</p> <p>9 A. That is valuable information,</p> <p>10 yes.</p> <p>11 Q. If you would, sir, please turn</p> <p>12 back to page 23 and 24, and let me direct</p> <p>13 your attention to paragraph 2. "Since at</p> <p>14 least 2009" --</p> <p>15 Do you see that, sir?</p> <p>16 A. I do.</p> <p>17 Q. -- "The State of Florida has</p> <p>18 been the epicenter of a notorious,</p> <p>19 well-documented epidemic of prescription drug</p> <p>20 abuse.</p> <p>21 Yet, sir, you weren't aware of</p> <p>22 the epidemic of opiate drug abuse until you</p> <p>23 began in the pharmaceutical integrity</p> <p>24 department, correct, sir?</p> <p>25 A. That is correct.</p>
<p style="text-align: right;">Page 203</p> <p>1 MR. STOFFELMAYR: 3 as in the</p> <p>2 small numbers in the lower right?</p> <p>3 MR. MOUGEY: The small numbers,</p> <p>4 yes.</p> <p>5 QUESTIONS BY MR. MOUGEY:</p> <p>6 Q. Under paragraph 23, on page 33,</p> <p>7 "Voluntarily -- voluntary dispensing</p> <p>8 restrictions enacted either in anticipation</p> <p>9 of or in reaction to regulatory action do not</p> <p>10 indicate to me that respondent and its parent</p> <p>11 company have recognized and adequately</p> <p>12 reformed the systemic shortcomings discussed</p> <p>13 herein."</p> <p>14 Do you see that, sir?</p> <p>15 A. I do.</p> <p>16 Q. Don't you think that if the DEA</p> <p>17 believed there were systemic shortcomings</p> <p>18 with Walgreens, that as a manager in the</p> <p>19 pharmaceutical integrity department you would</p> <p>20 have been advised of that fact?</p> <p>21 MR. STOFFELMAYR: Objection to</p> <p>22 the form.</p> <p>23 THE WITNESS: I do not know</p> <p>24 what the DEA was thinking.</p> <p>25</p>	<p style="text-align: right;">Page 205</p> <p>1 Q. "In July of 2011, the Florida</p> <p>2 Surgeon General declared a public health</p> <p>3 emergency based on the prescription pill</p> <p>4 epidemic which resulted in an average of</p> <p>5 seven overdose deaths per day in Florida."</p> <p>6 Do you see that, sir?</p> <p>7 A. I do.</p> <p>8 Q. Yet you weren't advised by</p> <p>9 Walgreens management of the opiate epidemic</p> <p>10 in the State of Florida before you started</p> <p>11 the pharmaceutical integrity department,</p> <p>12 correct, sir?</p> <p>13 A. Correct.</p> <p>14 Q. Now, sir, do you have any</p> <p>15 understanding of whether or not there was a</p> <p>16 problem with pills, Schedule II and III</p> <p>17 narcotics, being diverted out of Florida</p> <p>18 pharmacies into other states?</p> <p>19 A. I am not aware, no, or was not</p> <p>20 aware.</p> <p>21 Q. Even sitting here today, were</p> <p>22 you aware that Schedule II and III narcotics</p> <p>23 were being diverted from Florida pharmacies</p> <p>24 into other states?</p> <p>25 MR. STOFFELMAYR: Objection to</p>

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<p style="text-align: center;">Page 206</p> <p>1 the form.</p> <p>2 THE WITNESS: Can you define 3 diversion for me, your definition of 4 diversion?</p> <p>5 QUESTIONS BY MR. MOUGEY:</p> <p>6 Q. You want me to define diversion 7 for you?</p> <p>8 A. Because it can mean so many 9 different things. That's why I'm asking.</p> <p>10 Q. Pills that are not ending up in 11 a legitimate home and out into the stream of 12 commerce. Did -- that pills were being 13 diverted from legitimate patients into the 14 hands of kids, that were being diverted into 15 the hands of drug dealers and making their 16 way into other states.</p> <p>17 MR. STOFFELMAYR: Objection to 18 the form.</p> <p>19 THE WITNESS: So are you asking 20 me if I was aware that that was 21 happening?</p> <p>22 QUESTIONS BY MR. MOUGEY:</p> <p>23 Q. Yes, sir.</p> <p>24 A. Yes, I was aware that people 25 were using opioid medications not for their</p>	<p style="text-align: center;">Page 208</p> <p>1 narcotics?</p> <p>2 MR. STOFFELMAYR: Objection to 3 the form.</p> <p>4 THE WITNESS: I personally did 5 not, no.</p> <p>6 QUESTIONS BY MR. MOUGEY:</p> <p>7 Q. You never went back and looked 8 prior to '13 what Walgreens was doing prior 9 to the agreed-upon creation of the 10 pharmaceutical integrity department?</p> <p>11 A. That was not part of my role, 12 so, no, I did not.</p> <p>13 Q. Did you ask anybody, Well, what 14 were we doing before the pharmaceutical 15 integrity department was created by agreement 16 between the DEA and Walgreens?</p> <p>17 A. I did not.</p> <p>18 Q. You never went back and looked 19 at the systems in place to avoid diversion 20 prior to you starting in the pharmaceutical 21 integrity department?</p> <p>22 MR. STOFFELMAYR: Objection to 23 the form.</p> <p>24 Go ahead.</p> <p>25 THE WITNESS: That was not part</p>
<p style="text-align: center;">Page 207</p> <p>1 intended use.</p> <p>2 Q. And not just for -- not just 3 for their intended use, but were you aware 4 that Florida was the epicenter of a notorious 5 well-documented epidemic of prescription drug 6 abuse, and those pills were migrating to 7 other states?</p> <p>8 A. I was made aware of that during 9 my time in pharmaceutical integrity.</p> <p>10 Q. So not until 2013?</p> <p>11 A. Correct.</p> <p>12 Q. And, sir, what were you told by 13 Walgreens about the migration of pills from 14 Florida pharmacies into other states?</p> <p>15 A. We were made aware of some of 16 the drug-seeking behavior of some of the 17 patients and how -- some of the techniques 18 that they use to obtain prescriptions not for 19 a legitimate medical purpose and made aware 20 of some prescribers that were not writing 21 prescriptions for legitimate medical purpose.</p> <p>22 Q. So at that point in time, in 23 2013, did you make a study or analyze the 24 systems set in place at Walgreens to minimize 25 or avoid the diversion of Schedule II and III</p>	<p style="text-align: center;">Page 209</p> <p>1 of my role, no.</p> <p>2 QUESTIONS BY MR. MOUGEY:</p> <p>3 Q. Have you ever looked through 4 this document that I have in front of you and 5 identified the discussion about the migration 6 of pills from Florida pharmacies to other 7 states?</p> <p>8 A. No.</p> <p>9 Q. Are you aware of how big a 10 problem it was in Florida that pills were 11 migrating from Florida pharmacies to other 12 states?</p> <p>13 A. I was not aware of the size of 14 the problem, no.</p> <p>15 Q. If you would, sir, please turn 16 to page 41, and it says, "Summary of 17 testimony." It's the Deputy Assistant 18 Administrator, Joseph Rannazzisi, says he's 19 from the DEA.</p> <p>20 Do you see that, sir?</p> <p>21 A. Yes.</p> <p>22 Q. And, sir, this is a submission 23 from the government's prehearing statement.</p> <p>24 Do you see that, sir?</p> <p>25 A. I do.</p>

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<p style="text-align: right;">Page 210</p> <p>1 Q. And do you know who 2 Mr. Rannazzisi is? 3 A. Just according to what he puts 4 under his title, so I get -- yes. 5 Q. Let's look at the last sentence 6 of the second paragraph. It says, "Each year 7 roughly 5.1 million people abuse narcotic 8 pain relievers in the United States." 9 Do you see that, sir? 10 A. I do. 11 Q. And, sir, you've heard the 12 saying that a chain is only as strong as its 13 weakest link, correct, sir? 14 A. I have heard that. 15 Q. So meaning that if the strength 16 of the chain is only going to be able to 17 handle the pressure as the weakest link in 18 the chain, correct? 19 A. I have heard that, yes. 20 Q. So if there's a hole or a soft 21 spot in the Walgreens pharmacies, the 22 diversion efforts are only as good as the 23 softest or weakest distribution -- 24 pharmacies, correct, sir? 25 MR. STOFFELMAYR: Objection to</p>	<p style="text-align: right;">Page 212</p> <p>1 rogue pain clinics whose complicit doctors 2 were initially permitted to dispense millions 3 of dosage units of oxycodone and other abused 4 drugs directly from the clinics." 5 Did I read that correctly? 6 A. You did. 7 Q. And Mr. Rannazzisi goes on to 8 testify that, "Florida is the epicenter for 9 these illegal pain clinics." 10 Do you see that, sir? 11 A. Yes. 12 Q. "DEA state and local law 13 enforcement investigations reveal that 14 thousands of drug seekers flocked these 15 Florida-based pain clinics to obtain their 16 supply of oxycodone." 17 Do you see that, sir? 18 A. I do. 19 Q. And if you go on to the next -- 20 sir, turn to page 128. 21 A. 128? 22 Q. 128, which is in Appendix C, 23 and this is a summary of the testimony of 24 Ms. Langston, diversion program manager in 25 the Miami field division.</p>
<p style="text-align: right;">Page 211</p> <p>1 form. Foundation. 2 THE WITNESS: I don't -- I 3 don't know how you can make that 4 assumption. 5 QUESTIONS BY MR. MOUGEY: 6 Q. Yes, sir. 7 Because you think that's a 8 reach? You think that I'm just speculating 9 that the -- that the pharmacy -- that 10 Walmart -- I'm sorry, Walgreens Pharmacy is 11 only as strong as its weakest pharmacy? 12 A. Yeah, again, I cannot agree to 13 that assumption. 14 Q. Yes, sir. 15 Am I speculating -- do you 16 think I'm speculating when I'm making that 17 statement? 18 MR. STOFFELMAYR: Objection to 19 the form. 20 THE WITNESS: I don't know what 21 you're intending. 22 QUESTIONS BY MR. MOUGEY: 23 Q. Paragraph, "Beginning in late 24 2008 and continuing to the present, there's 25 been a significant rise in the number of</p>	<p style="text-align: right;">Page 213</p> <p>1 Do you see that, sir? 2 A. I do. 3 Q. And on the bottom of page 128, 4 "Ms. Langston will testify to DEA findings 5 that Walgreens 03629 has dispensed controlled 6 substances to customers residing in numerous 7 states and commonwealths outside of Florida." 8 Do you see that, sir? 9 A. I do. 10 Q. "She will testify that 11 Walgreens 03629's dispensing to out-of-state 12 customers is particularly problematic when 13 one considers information developed by DEA 14 that is a result of long-standing 15 prescription monitoring programs in Kentucky 16 and Ohio, and with the increased difficulty 17 in obtaining controlled substances from 18 licensed physicians in these jurisdictions, 19 many individuals have found creative ways to 20 circumvent state prescription monitoring 21 programs." 22 Do you see that, sir? 23 A. Yes. 24 Q. Did you have an understanding 25 during your tenure at Walgreens that addicts</p>

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<p>1 were seeking pills in states that did not 2 have monitoring programs mandated by the 3 states? 4 A. Yes. 5 Q. And they go on in page 129, "As 6 a result of the restricted access to 7 controlled substances in their states, many 8 individuals from Ohio, Kentucky and other 9 states have traveled by the carloads to pain 10 clinics located in Florida to obtain 11 prescriptions for oxycodone." 12 Do you see that, sir? 13 MR. STOFFELMAYR: Objection to 14 form. 15 THE WITNESS: I do see that 16 here. 17 QUESTIONS BY MR. MOUGEY: 18 Q. So it's impossible to simply 19 say, Well, this is a Florida problem, 20 confined to Florida, because it was crystal 21 clear that pills were migrating to other 22 states from the weakest pharmacies, correct, 23 sir? 24 MR. STOFFELMAYR: Objection to 25 the form. Foundation.</p>	<p>1 QUESTIONS BY MR. MOUGEY: 2 Q. Yes, sir, I understand that. 3 Do you understand, though, sir, 4 that -- that part of the diversion issue in 5 Florida was carloads of addicts traveling to 6 pharmacies that were dispensing Schedule II 7 and Schedule III narcotics? 8 MR. STOFFELMAYR: Objection to 9 the form. 10 THE WITNESS: I understand now 11 that that was one of the problems, 12 yes. 13 QUESTIONS BY MR. MOUGEY: 14 Q. Yes, sir. 15 And during your time at 16 Walgreens, did you ever perform any analysis 17 to try to identify suspicious orders that 18 would point to red flags with addicts coming 19 from out of town by the carloads? 20 A. I personally did not, no. 21 Q. Do you know of anyone that was 22 performing any analysis of all of the data 23 maintained by Walgreens to identify 24 suspicious orders from addicts traveling from 25 foreign states to secure Schedule II and</p>
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<p>1 THE WITNESS: Yeah. I can't 2 speculate that or agree with that 3 statement. 4 QUESTIONS BY MR. MOUGEY: 5 Q. You understand that as of 6 January 9, 2013, the date of this summary of 7 testimony, that the DEA was relaying that 8 they had uncovered evidence that pills were 9 migrating to other states for addicts 10 traveling by the carloads, correct, sir? 11 MR. STOFFELMAYR: Objection to 12 the form. 13 THE WITNESS: I do see that, 14 that that's what they're implying, 15 yes. 16 QUESTIONS BY MR. MOUGEY: 17 Q. And, sir, you understand that 18 that is why the CSA required that due 19 diligence was performed on suspicious orders 20 before they were shipped, correct, sir? 21 MR. STOFFELMAYR: Objection to 22 form. Foundation. 23 THE WITNESS: I don't know the 24 definition or interpretation of the 25 regs or the CSA.</p>	<p>1 Schedule III narcotics in Florida pharmacies? 2 A. I do not know how the data 3 would be able to identify an addict versus 4 someone who is a snowbird. 5 Q. Well, wouldn't it be relatively 6 easy to look at Walgreens' prescription data 7 to identify out of state customers? 8 A. It is. 9 Q. It would be relatively simple, 10 wouldn't it? 11 A. It is. 12 Q. It would be relatively simple 13 to have a data pull with the ages of those 14 customers, correct? 15 A. That can be done, yes. 16 Q. And it would also be relatively 17 simple to pull the doctors that wrote the 18 prescriptions for these potential red flags, 19 correct, sir? 20 A. It is easy to pull prescriber 21 information, yeah. 22 Q. So if you had a number of pill 23 seekers coming from a foreign jurisdiction, 24 they'd have to present their driver's license 25 at Walgreens, correct, sir?</p>

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<p style="text-align: center;">REDACTED</p>	<p style="text-align: right;">Page 222</p> <p>1 Do you see that, sir? 2 A. I do. 3 Q. So the total outlay is \$520, 4 correct, according to the Sarasota Sheriff's 5 Office, correct? 6 A. Yes. If they supplied that 7 information, then, yes. 8 Q. Yes, sir. 9 And the price of 30-milligram 10 OxyContin on the street is about \$15 a pill. 11 Do you see that, sir? 12 A. I do. 13 Q. Times 180 pills, it's \$2,700, 14 correct? 15 A. Sounds about right, yes. 16 Q. And then profit is \$2,100 a 17 month, correct? 18 A. I do see that. 19 Q. Now -- and it says there's 20 more. Do you see that on the bottom? 21 A. I do. 22 Q. Flip to the next page. You see 23 at the bottom where it says -- and I'm on 24 Bates number 997. 25 At the bottom it says, "This is</p>
<p style="text-align: right;">Page 223</p> <p>1 country they are. 2 Q. Do you know where those are off 3 the top of your head, markets 3 and 28? 4 A. Not off the top of my head. 5 Q. Okay. And if you would turn to 6 the second page, it says, "Market 3, pharmacy 7 meeting." 8 A. I do see that. 9 Q. On the bottom right-hand corner 10 of this document are WAG, and then there's a 11 series of numbers, if you could turn to 996. 12 And you see there's a badge in the left-hand 13 corner of Bates numbered 996 that says 14 "Sheriff's Office, Sarasota County." 15 Do you see that? 16 A. I do see that. 17 Q. It says, "How much money is in 18 doctor shopping?" 19 Do you see that, sir? 20 A. I do. 21 Q. And it says, "Office visit, the 22 cost is \$250," right? 23 A. According to this, yes. 24 Q. "Pills received, 180, cost at 25 pharmacy, \$270."</p>	<p style="text-align: right;">Page 225</p> <p>1 big business." <p style="text-align: center;">REDACTED</p> </p>

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65 (Pages 254 to 257)

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1 during a certain amount of time.

2 Q. Yes, sir. And exactly right.

3 So let me redo that.

4 You would agree with me, sir,
5 that Stahmann 8, Bates number 007 and 008,
6 pharmacists at Walgreens were bonused based
7 on the amount of prescriptions they filled,
8 correct, sir?9 A. Total amount of prescriptions
10 they filled, yes.

11 Q. Yes, sir.

12 And you would agree with me
13 that when the pharmacist was making a
14 decision whether or not to fill a
15 prescription of Schedule II and III narcotics
16 for a pill seeker, that this was a financial
17 conflict of interest?18 MR. STOFFELMAYR: Objection to
19 the form. Foundation.20 THE WITNESS: I can't speak on
21 behalf of the pharmacists if the
22 decision whether or not to fill a
23 prescription was based off their
24 financial conflict of interests.

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1 I was a subject matter expert.

2 QUESTIONS BY MR. MOUGEY:

3 Q. Thank you.

4 And you'll agree with me, sir,
5 on page 12 of Stahmann 6, that beginning in
6 2014 Walgreens will exclude any accounting
7 for controlled substance prescriptions
8 dispensed by a particular pharmacy from bonus
9 computations for pharmacists and pharmacy
10 technicians at the pharmacy, correct, sir?

11 A. I do see that.

12 Q. And the document I just put in
13 front of you, sir, Stahmann 8, is an example
14 of the bonus calculation for pharmacists at
15 Walgreens, correct, sir?16 A. I believe that's what it is,
17 yes. I don't know if it's the current one --
18 but it is --

19 Q. It's one of them, correct, sir?

20 A. It's one of them.

21 Q. And you can see based on Bates
22 number WAG08, that pharmacists were bonused
23 based on the number of prescriptions they
24 wrote, correct, sir?

25 A. That they filled, at a --

1 QUESTIONS BY MR. MOUGEY:

2 Q. And I'm not asking you to
3 provide testimony based on what pharmacies
4 thought -- pharmacists thought.5 As the manager of
6 pharmaceutical integrity and the project
7 manager, do you believe that it was a
8 conflict of interest for pharmacists to be
9 bonused on the number of scripts they filled
10 for Schedule II and III narcotics?11 MR. STOFFELMAYR: Objection to
12 the form.13 THE WITNESS: I can't possibly
14 be able to validate whether or not
15 pharmacists felt filling or refusing
16 prescriptions, if there was any
17 financial motive behind it.

18 QUESTIONS BY MR. MOUGEY:

19 Q. Do pharmacists get paid if they
20 don't fill a Schedule II and III narcotic
21 prescription?

22 A. Yes.

23 Q. Do they get bonused as much if
24 they refuse to fill a number of Schedule II
and III -- Schedule II and III narcotic

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<p style="text-align: right;">Page 274</p> <p>1 prescriptions as if they don't?</p> <p>2 A. They do not get paid as much.</p> <p>3 Q. And underneath -- do you see</p> <p>4 the overview section on the first page?</p> <p>5 A. Yes.</p> <p>6 Q. Do you agree with the statement</p> <p>7 that the best evidence of a well-run pharmacy</p> <p>8 is the increase in prescriptions from</p> <p>9 pharmacy sales, which are the result of not</p> <p>10 only price, promotion, location and product,</p> <p>11 but also customer service, employee</p> <p>12 development, leadership and innovative ideas?</p> <p>13 MR. STOFFELMAYR: Objection to</p> <p>14 form. Foundation.</p> <p>15 THE WITNESS: Are you asking me</p> <p>16 if I agree with that statement?</p> <p>17 QUESTIONS BY MR. MOUGEY:</p> <p>18 Q. Yes, sir.</p> <p>19 MR. STOFFELMAYR: Same</p> <p>20 objections.</p> <p>21 THE WITNESS: I do not agree</p> <p>22 with that statement. They're leaving</p> <p>23 out customer safety.</p> <p>24 QUESTIONS BY MR. MOUGEY:</p> <p>25 Q. But you agree that the -- you</p>	<p style="text-align: right;">Page 276</p> <p>1 well-run pharmacy.</p> <p>2 QUESTIONS BY MR. MOUGEY:</p> <p>3 Q. Your job was to identify red</p> <p>4 flags in pharmacies, correct, sir?</p> <p>5 MR. STOFFELMAYR: Objection to</p> <p>6 the form. Foundation.</p> <p>7 THE WITNESS: It was not.</p> <p>8 MR. STOFFELMAYR: Give me a</p> <p>9 chance, sorry.</p> <p>10 QUESTIONS BY MR. MOUGEY:</p> <p>11 Q. Your job was not to identify</p> <p>12 potential red flags in pharmacies?</p> <p>13 A. It was not, no. We helped</p> <p>14 pharmacists identify red flags.</p> <p>15 Q. Well, if you're going to help a</p> <p>16 pharmacist identify red flags, your job is to</p> <p>17 identify them to provide them to the</p> <p>18 pharmacists, correct, sir?</p> <p>19 MR. STOFFELMAYR: Objection to</p> <p>20 the form.</p> <p>21 THE WITNESS: No.</p> <p>22 QUESTIONS BY MR. MOUGEY:</p> <p>23 Q. Go to page 13 in paragraph 2,</p> <p>24 the sentence that begins with, "Walgreens</p> <p>25 agrees not to ship."</p>
<p style="text-align: right;">Page 275</p> <p>1 don't have a problem with the best evidence</p> <p>2 of a well-run pharmacy is the increase in</p> <p>3 prescriptions?</p> <p>4 A. I do have an issue with that,</p> <p>5 yes.</p> <p>6 Q. That's not the best evidence of</p> <p>7 a well-run pharmacy, is it?</p> <p>8 A. It is not.</p> <p>9 Q. And quite frankly, increase in</p> <p>10 prescriptions should not even be a metric in</p> <p>11 a well-run pharmacy, correct, sir?</p> <p>12 MR. STOFFELMAYR: Objection to</p> <p>13 the form. Foundation.</p> <p>14 THE WITNESS: I don't know what</p> <p>15 the best evidence for a well-run</p> <p>16 pharmacy is.</p> <p>17 QUESTIONS BY MR. MOUGEY:</p> <p>18 Q. But what I asked you, sir, is</p> <p>19 that an increase in prescriptions should not</p> <p>20 even be a metric in a well-run pharmacy,</p> <p>21 correct, sir?</p> <p>22 MR. STOFFELMAYR: Objection to</p> <p>23 form. Foundation.</p> <p>24 THE WITNESS: I don't know what</p> <p>25 metrics should be used to identify a</p>	<p style="text-align: right;">Page 277</p> <p>1 Do you see that, sir?</p> <p>2 About three-quarters of the way</p> <p>3 down the page on the right-hand side?</p> <p>4 A. Yes.</p> <p>5 Q. "Walgreens agrees not to ship</p> <p>6 any order of interest or suspicious order in</p> <p>7 whole or in part and until Walgreens resolves</p> <p>8 the reasons that caused it to designate an</p> <p>9 order as an order of interest or a suspicious</p> <p>10 order," correct, sir?</p> <p>11 A. I do see that, yes.</p> <p>12 Q. Do you have any reason to</p> <p>13 believe that Walgreens was not shipping an</p> <p>14 order of interest or a suspicious order in</p> <p>15 2012?</p> <p>16 MR. STOFFELMAYR: Objection to</p> <p>17 the form.</p> <p>18 THE WITNESS: I don't know what</p> <p>19 Walgreens was doing in 2012. I know</p> <p>20 we started to get out of the</p> <p>21 distribution business at that time</p> <p>22 period.</p> <p>23 QUESTIONS BY MR. MOUGEY:</p> <p>24 Q. Bear with me one second,</p> <p>25 Mr. Stahmann. I'm sorry, I got -- all right.</p>

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<p style="text-align: right;">Page 282</p> <p>1 A. I see that. 2 Q. What does that mean? 3 A. I can't recall why -- what that 4 subject means. 5 Q. All right. And the date of 6 this e-mail is August 16, 2017, correct? 7 A. That is correct. 8 Q. And if you would flip the page, 9 does this appear to be the suspicious order 10 report that you were responsible for pulling, 11 burning on a CD and sending to the DEA, along 12 with the distribution centers? 13 A. This does appear to be one of 14 those reports, yes. 15 Q. Okay. Was it -- are there 16 different kinds of reports, or was this the 17 suspicious controlled drug orders that DEA 18 mentions in page 26 of Stahmann 6? 19 A. I believe this is one of the 20 reports. There may have been a -- there 21 may -- the reports may have been broken down 22 by area so we would know who to send to. 23 Q. All right. You see in the 24 bottom left-hand side of this page where it 25 says, "Report available in Mobius."</p>	<p style="text-align: right;">Page 284</p> <p>1 pull the data, correct? 2 A. At one time, yes. 3 Q. And I'm talking about in August 4 of 2017. Did you have to access Mobius to 5 pull the data? 6 A. No, because I was unable to. 7 Q. Okay. So but you tried? 8 A. We definitely looked into it, 9 yes. 10 Q. All right. So where do you 11 believe that you found this report? 12 A. I can't recall exactly how. 13 Q. And you didn't store these 14 reports as you sent them or keep them in a 15 file or anything along those lines? 16 A. No, they were just burned on a 17 CD, so it's possible that I had a copy of a 18 CD and then e-mailed me that -- the data from 19 the CD. 20 Q. Who e-mailed you the data from 21 the CD? 22 A. I could have e-mailed myself, 23 so just -- I don't know exactly, but that's 24 how I'm envisioning this could have went. 25 Q. And I'm sorry if I'm being slow</p>
<p style="text-align: right;">Page 283</p> <p>1 A. Yes. 2 Q. And did you in August of 2017 3 go on Mobius and pull this report? 4 A. No. 5 Q. All right. Where do you think 6 you found this report? 7 A. To be complete -- I can't say 8 for certain, but I think I pulled this from 9 an e-mail that I may have sent out in 10 preparation or for -- due to a legal ask. 11 They asked if I could -- 12 MR. STOFFELMAYR: Stop. 13 Don't -- don't get into what anyone 14 asked you legally. 15 QUESTIONS BY MR. MOUGEY: 16 Q. Why did you send it to 17 yourself? 18 A. I think that was the only way 19 that I can get that data. 20 Q. Where was the data when you 21 pulled it? 22 A. It was stored -- I don't 23 remember, but the data resides in Mobius. 24 Q. Right. 25 So you had to access Mobius to</p>	<p style="text-align: right;">Page 285</p> <p>1 here, but -- so you found this report, you 2 believe, in an old e-mail? 3 MR. STOFFELMAYR: Objection to 4 the form. 5 THE WITNESS: I believe I found 6 the report on an old CD and then 7 transferred the file to myself via 8 e-mail. 9 QUESTIONS BY MR. MOUGEY: 10 Q. Okay. So you had no practice 11 of filing or storing the CDs as you burned 12 them and sent them to the DEA? 13 A. No. 14 Q. If you ever wanted to go back 15 and look at historical suspicious orders, how 16 would you do it? 17 MR. STOFFELMAYR: Objection to 18 the form. 19 THE WITNESS: At the time, you 20 can -- we could have went back in 21 Mobius to look at the data that was 22 currently stored or not purged in 23 Mobius. 24 QUESTIONS BY MR. MOUGEY: 25 Q. Okay. So up to what point in</p>

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<p style="text-align: center;">Page 286</p> <p>1 time could you access Mobius and pull 2 historical suspicious controlled drug orders? 3 A. Personally, it was up until the 4 time that I left asset protection. My access 5 was taken away once I transferred to 6 pharmaceutical integrity. 7 Q. So you're not saying that the 8 reports were purged, but you just didn't have 9 any access? 10 A. I personally did not have 11 access, no. 12 Q. Now, help me to understand 13 that, because you went to and moved to the 14 pharmaceutical integrity department that was 15 responsible for overseeing diversion. 16 Why would you not have access 17 to the platform with the suspicious order 18 reports? 19 MR. STOFFELMAYR: Objection to 20 the form. Foundation. 21 THE WITNESS: When I 22 transferred to RX integrity, we were 23 not reporting suspicious orders via 24 those CDs and Mobius. 25</p>	<p style="text-align: center;">Page 288</p> <p>1 look at it? Do I have three pages or 3,000 2 pages or 18? 3 You had no -- you didn't look 4 at it for any content or what was -- what was 5 in the report? 6 A. I did not look at the content. 7 I may have looked to see -- if only three 8 pages transferred to the CD, then I knew 9 there was something wrong with the data. 10 Q. What was the scope of 11 nationally where you were pulling these 12 suspicious order reports from? 13 A. What do you mean by "scope"?</p> <p>Q. I mean, did you -- was it for every state? Every region? A. They were for the chain length. It was for all of Walgreens. Q. The entire Walgreens? A. Correct. Q. And where would you send them? What DEA would you send them to? A. We would send them to all the local DEA offices that had their office listings on the DEA web page and then also to our individual distribution centers.</p>
<p style="text-align: center;">Page 287</p> <p>1 QUESTIONS BY MR. MOUGEY: 2 Q. But if you wanted historical 3 data to go back and look at patterns, would 4 that not have been helpful? 5 A. Our team did not look at the 6 historical suspicious orders. 7 Q. Walk me through a couple 8 samples of -- what I've done here is this is 9 an approximately 25,000-page report. 10 Okay? 11 So is that consistent with your 12 recollection of what you were burning onto a 13 CD and sending to the DEA once a month? 14 A. To be honest, I cannot 15 recollect how large the files were or 16 page-wise. I just basically burned the data 17 on a CD and sent it off. I didn't dive into 18 each individual report or CD, so I don't know 19 if this is a -- 20 Q. Did you even look at it? 21 A. I would look at it briefly, but 22 just to see if the data transferred to the 23 CD, but that's about the extent. 24 Q. But in order to know if it 25 transferred to the CD, wouldn't you have to</p>	<p style="text-align: center;">Page 289</p> <p>1 Q. All right. So you would send 2 the entire country suspicious controlled drug 3 orders to every DEA field office? 4 A. That is correct. 5 Q. And now, let's go back to 6 page 26 of Stahmann 6. 7 Okay? 8 It says, "Respondent's practice 9 with" -- I'm sorry. 10 MR. STOFFELMAYR: Give me a 11 second. 12 MR. MOUGEY: Yeah, my bad. 13 MR. STOFFELMAYR: Got it. Are 14 you there? 15 MR. MOUGEY: Are you there? 16 THE WITNESS: Yep. Okay. 17 QUESTIONS BY MR. MOUGEY: 18 Q. Page 626, paragraph 9, 19 "Respondent's practice with regard to 20 suspicious order reporting was to send to the 21 local DEA field office a monthly report 22 labeled 'Suspicious Drug Controlled Orders.'23 Two reports were provided: One for 24 suspicious orders of Schedule II drugs; 25 another for suspicious orders of drugs in</p>

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<p style="text-align: center;">Page 290</p> <p>1 Schedules III and V. These reports were 2 transmitted on respondent's behalf from 3 Walgreens corporate headquarters in 4 Deerfield, Illinois."</p> <p>5 So you think for the period of 6 time that you were responsible, that's you 7 sending those out?</p> <p>8 A. Yes.</p> <p>9 Q. And respondent's suspicious 10 order report for December 2011 appears to 11 include suspicious orders placed by its 12 customers for the past six months, okay?</p> <p>13 But you don't have any 14 recollection of what time scope you were 15 pulling the suspicious control orders, 16 correct?</p> <p>17 MR. STOFFELMAYR: Objection to 18 form.</p> <p>19 THE WITNESS: I was only tasked 20 to pull the reports monthly, so I do 21 not know how much information was 22 contained on those reports.</p> <p>23 QUESTIONS BY MR. MOUGHEY:</p> <p>24 Q. The report for just suspicious 25 orders of Schedule II drugs is 1,712 pages.</p>	<p style="text-align: center;">Page 292</p> <p>1 letters, tell me what exhibit number that is. 2 I think it's 5, Stahmann 5.</p> <p>3 A. Got it.</p> <p>4 Q. Got it?</p> <p>5 A. Yep.</p> <p>6 Q. Okay. Look at the paragraph 7 that begins with "registrants" and the very 8 last paragraph of Stahmann 5 dated June 12, 9 2012.</p> <p>10 A. I see that.</p> <p>11 Q. "Registrants who rely on rigid 12 formulas to identify whether an order is 13 suspicious may fail to detect suspicious 14 orders," right?</p> <p>15 A. I do see that.</p> <p>16 Q. "For example, this system might 17 not identify suspicious orders placed by a 18 pharmacy if that pharmacy placed unusually 19 large orders from the beginning."</p> <p>20 That makes sense, right?</p> <p>21 MR. STOFFELMAYR: Objection to 22 the form.</p> <p>23 THE WITNESS: I don't know if 24 that makes sense in the context it's 25 used because that doesn't necessarily</p>
<p style="text-align: center;">Page 291</p> <p>1 Do you see that?</p> <p>2 A. I do.</p> <p>3 Q. That's a lot of pages with a 4 lot of suspicious orders, right?</p> <p>5 MR. STOFFELMAYR: Objection to 6 form.</p> <p>7 THE WITNESS: It's a lot of 8 pages. I don't know if each one of 9 those orders is a, quote/unquote, 10 suspicious order.</p> <p>11 QUESTIONS BY MR. MOUGHEY:</p> <p>12 Q. And sitting here today, you 13 don't know what the formula was for 14 identifying suspicious orders, do you?</p> <p>15 A. That is correct.</p> <p>16 Q. Now, you recall our going 17 through the DEA letters earlier that a rigid 18 formula is not really helpful with 19 identifying suspicious orders, correct?</p> <p>20 MR. STOFFELMAYR: Objection to 21 form. Foundation.</p> <p>22 THE WITNESS: I don't recall 23 those exact words being used.</p> <p>24 QUESTIONS BY MR. MOUGHEY:</p> <p>25 Q. If you'd go back to the DEA</p>	<p style="text-align: center;">Page 293</p> <p>1 mean that because a pharmacy placed 2 large orders that are suspicious or 3 that since they were placing large 4 orders from the beginning we weren't 5 able to detect suspicious orders.</p> <p>6 QUESTIONS BY MR. MOUGHEY:</p> <p>7 Q. Well, it's not categorical, but 8 the point of this process with suspicious 9 order reporting was to identify red flags, 10 right?</p> <p>11 MR. STOFFELMAYR: Objection to 12 the form.</p> <p>13 THE WITNESS: The purpose of 14 the suspicious order report is to 15 report based off of a formula orders 16 of interest that could lead to 17 suspicious orders.</p> <p>18 QUESTIONS BY MR. MOUGHEY:</p> <p>19 Q. And then perform due diligence 20 on those orders before they were shipped as 21 we went through earlier, correct?</p> <p>22 MR. STOFFELMAYR: Objection to 23 form.</p> <p>24 THE WITNESS: Due diligence was 25 performed, to my knowledge, don't know</p>

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<p style="text-align: right;">Page 294</p> <p>1 by who, on those orders, yes.</p> <p>2 QUESTIONS BY MR. MOUGEY:</p> <p>3 Q. And prior to being shipped,</p> <p>4 correct?</p> <p>5 MR. STOFFELMAYR: Objection to</p> <p>6 form. Foundation.</p> <p>7 THE WITNESS: I don't know if</p> <p>8 that's actually what -- I don't know</p> <p>9 who was responsible for that type</p> <p>10 of --</p> <p>11 QUESTIONS BY MR. MOUGEY:</p> <p>12 Q. And I'm not asking you who was</p> <p>13 responsible. What I'm asking is what the</p> <p>14 requirement was, and the due diligence was</p> <p>15 performed prior to the shipment being</p> <p>16 actually -- the order being shipped, correct?</p> <p>17 MR. STOFFELMAYR: Objection to</p> <p>18 form. Foundation.</p> <p>19 THE WITNESS: I believe that's</p> <p>20 what the requirements stated, but that</p> <p>21 was not part of my expertise as to</p> <p>22 interpret regulations.</p> <p>23 QUESTIONS BY MR. MOUGEY:</p> <p>24 Q. All right. Let's go back to</p> <p>25 Stahmann 6, and middle of the page, the</p>	<p style="text-align: right;">Page 296</p> <p>1 A. I do see that.</p> <p>2 Q. Now, Stahmann 8, the report</p> <p>3 that you e-mailed yourself on August 16,</p> <p>4 2017, you would flip to Bates number 380?</p> <p>5 A. Exhibit 9, I think --</p> <p>6 Q. Is it 9?</p> <p>7 A. Yeah.</p> <p>8 Q. Stahmann 9, if you go to Bates</p> <p>9 number 380, top of that page is titled "Sales</p> <p>10 District 277."</p> <p>11 A. Yes.</p> <p>12 MR. STOFFELMAYR: I'm sorry,</p> <p>13 give me a second to catch up. It's</p> <p>14 380 at the bottom?</p> <p>15 Okay. I got it figured out</p> <p>16 now.</p> <p>17 QUESTIONS BY MR. MOUGEY:</p> <p>18 Q. And the store address is 6410</p> <p>19 Broadway Avenue, Cleveland, Ohio.</p> <p>20 Do you see that?</p> <p>21 A. I do see that.</p> <p>22 Q. And then you can see below, you</p> <p>23 see the NDC number?</p> <p>24 A. I do.</p> <p>25 Q. What's the NDC number mean?</p>
<p style="text-align: right;">Page 295</p> <p>1 sentence underneath paragraph 9 on the</p> <p>2 right-hand side says, "The reports are based</p> <p>3 on a formula that assigns an average monthly</p> <p>4 order for a particular drug" --</p> <p>5 MR. STOFFELMAYR: You better</p> <p>6 give him a second. He's still on --</p> <p>7 THE WITNESS: What page are you</p> <p>8 on, I'm sorry?</p> <p>9 QUESTIONS BY MR. MOUGEY:</p> <p>10 Q. I'm sorry. Page 26.</p> <p>11 A. 26.</p> <p>12 Q. Paragraph 9.</p> <p>13 A. Got it. Okay.</p> <p>14 Q. "The reports are based on a</p> <p>15 formula that assigns an average monthly order</p> <p>16 for a particular drug which is then</p> <p>17 multiplied by a DEA factor, which is always</p> <p>18 three regardless of the drug or the average</p> <p>19 order amount, resulting in a trigger amount</p> <p>20 above which orders for the month are reported</p> <p>21 as suspicious, along with a listing of all</p> <p>22 orders placed for the particular drug by the</p> <p>23 reported pharmacy for the month in which the</p> <p>24 trigger amount was exceeded."</p> <p>25 Do you see that?</p>	<p style="text-align: right;">Page 297</p> <p>1 A. It is an identifying number.</p> <p>2 It's a national -- I forgot what the acronym</p> <p>3 means, but it's basically a way to identify a</p> <p>4 certain product.</p> <p>5 Q. And --</p> <p>6 A. It's national drug code.</p> <p>7 Q. And you can see below or</p> <p>8 adjacent to that, 6, which is the oxycodone,</p> <p>9 6 times 3 is 18.</p> <p>10 Do you see that?</p> <p>11 A. I see that.</p> <p>12 Q. But as you were shipping these</p> <p>13 reports on CDs to the DEA, you didn't know</p> <p>14 what the multiplier DEA factor was, correct?</p> <p>15 MR. STOFFELMAYR: Objection to</p> <p>16 the form.</p> <p>17 THE WITNESS: I did not know</p> <p>18 what the DEA factor meant, and I did</p> <p>19 not dive deeply into these reports</p> <p>20 when I sent them.</p> <p>21 QUESTIONS BY MR. MOUGEY:</p> <p>22 Q. I mean, I'm not asking you to</p> <p>23 deeply dive. You didn't even know that they</p> <p>24 were multiplied by 3 and what the criteria</p> <p>25 was for the thresholds, correct?</p>

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1 A. Correct, I did not.
2 Q. Okay. So below that, you see
3 the date ordered, 6/29, 6/22, 6/15, 6/8, 6/1.
4 Do you see that?
5 A. I do.
6 Q. And the quantity, 7, 4, 3, 5,
7 9, right?
8 A. Yes.
9 Q. So how would you determine --
10 how would one determine how many dosage units
11 are in each of those quantities?
12 A. Via the NDC on the top, it says
13 plus 500. That's the number of dosage units
14 per bottle.
15 Q. Did you not have access to the
16 NDC codes to import those into your database
17 to identify how many pills those are?
18 A. We did have that information.
19 Q. You did?
20 A. Yes.
21 Q. Do you understand or know
22 whether the DEA had the NDC codes imported
23 into ARCOS so it could tell how many dosage
24 units were part of that quantity?
25 A. I don't know if the DEA had

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1 that information.
2 Q. Would you think that would be
3 helpful to provide the number of dosage units
4 in your report to the DEA?
5 MR. STOFFELMAYR: Objection to
6 the form. Foundation.
7 THE WITNESS: I don't know if
8 that would be helpful or not. I don't
9 know if that would be helpful or not
10 to them.
11 QUESTIONS BY MR. MOUGEY:
12 Q. Go back to your experience as
13 law enforcement. Wouldn't you want to know
14 if that's -- I mean, is that seven bottles of
15 three pills or seven bottles of 80 pills?
16 Wouldn't you want to know?
17 A. Yes, and it states here on the
18 report how many dosage units are in the
19 bottle.
20 Q. Where do you see that?
21 A. Right next to oxycodone 5/325
22 tab, Watson brand, plus 500, that's the
23 dosage units.
24 Q. Where do you see that?
25 A. Right under average order, "DEA

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